

[Code of Federal Regulations]
[Title 30, Volume 2]
[Revised as of July 1, 2001]
From the U.S. Government Printing Office via GPO Access
[CITE: 30CFR218.57]

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TITLE 30--MINERAL RESOURCES

CHAPTER II--MINERALS MANAGEMENT SERVICE,
DEPARTMENT OF THE INTERIOR

PART 218--COLLECTION OF ROYALTIES, RENTALS, BONUSES AND OTHER MONIES DUE THE FEDERAL GOVERNMENT

Subpart B--Oil and Gas, General

Sec. 218.57 Providing information and claiming rewards.

(a) General. (1) If a person has any information that could lead to the recovery of royalty or other payments owed to the United States with respect to any oil and gas lease on Federal lands or the Outer Continental Shelf, such information may be provided to the Minerals Management Service (MMS) in accordance with this paragraph. The MMS is authorized, under the Federal Oil and Gas Royalty Management Act of 1982 (FOGRMA), 30 U.S.C. 1723, to pay a reward for information with respect to Federal oil and gas leases. Funds must be appropriated before payment of any reward. Criteria and procedures covering claims for and payment of rewards are provided in paragraphs (b), (c), and (d) of this section.

(2) If a person has any information he or she believes would be valuable to MMS, that person ("informant") should submit the information in writing, in the form of a letter, mailed or delivered in person to the Director, Minerals Management Service, Department of the Interior, 18th and C Street, NW., Washington, DC 20240, or to the Director's designated representative. Although written communications are preferred, oral information will be accepted.

(3) The informant should provide all data he or she has with respect to royalty or other payments owed. The information provided should include: identification of the alleged debtor; the source of the informant's knowledge of royalties or other payments owed; the date, if known, of the indebtedness; and any other information that could be used to establish indebtedness. All information received by MMS from persons providing information will be considered "highly confidential" and will not be disclosed to any individual except on a "need to know" basis in the performance of official duties.

(b) Claim for reward. (1) Any informant who provides information that could lead to the recovery of royalty or other payments may file a claim for reward unless the person is an officer or employee of the United States, an officer or employee of a State or Indian tribe acting pursuant to a cooperative agreement or delegation under the FOGRMA, or any person acting pursuant to a contract authorized by the FOGRMA.

(2) A claim for reward is not acceptable if filed on behalf of a claimant by his or her agent under power of attorney. However, an agent may provide MMS with information for an unidentified informant, to be evaluated and used by MMS as it deems appropriate. The informant's identity ultimately must be disclosed if the informant intends to file a claim for reward so that MMS can report the reward as taxable income to the Internal Revenue Service. An executor, administrator, or other legal representative of a deceased informant may file a claim on behalf of such deceased informant if, prior to his or her death, the informant was

eligible to file a claim under this section. The representative must attach to the claim evidence of authority to file it.

(3) To file a claim for reward the informant must:

(i) Notify the Director, MMS, or the person to whom the information was reported, that he/she is claiming a reward.

(ii) Request an "Application for Reward for Original Information" (Form MMS-4280). This form provides for information to enable MMS to determine and pay rewards, to control reward applications, and to report a claimant's reward as taxable income to the Internal Revenue Service.

(iii) File a claim for reward by completing Form MMS-4280, sign it with his or her true name, and mail or deliver it in person to the Director or to the Director's designated representative. If the informant provided the information in person, the claim should

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include the name and title of the person to whom the information was reported and the date that it was reported.

(4) If the informant used an identity other than his or true name when the information was originally reported, the person should attach proof to the claim that he or she is the person who gave the information. The MMS does not disclose the identity of its informants to unauthorized persons.

(c) Basis for rejection of claims. No reward will be paid to a claimant:

(1) Where the information originally furnished was deemed unworthy of initiating an investigation, but at some later date the records of the lessee are examined without reference to the information furnished. The claim will be rejected on the basis that the information did not cause the investigation nor did it, in itself, result in any recovery.

(2) For information that would have been discovered during the normal course of an audit or investigation.

(3) Unless the informant's true identity is disclosed.

(4) Until after all of the royalties, penalties, or other payments discovered to be owed as a result of information provided are collected and no longer subject to dispute.

(5) Unless funds are appropriated for the payment of rewards.

(d) Basis for allowance of claims. (1) The value of the information furnished in relation to the facts developed by the investigation will be taken into account in determining whether a reward shall be paid and, if so, the amount thereof. Information must be voluntarily given and upon the informant's own initiative to warrant the allowance of a reward. Information secured by representatives of MMS from witnesses and others in the course of their investigative activities does not constitute a basis for reward.

(2) In determining whether a reward will be allowed and, if so, the amount thereof, consideration will be given to any corresponding adjustment(s) which will result in potential savings to the lessee for other leases owned by the lessee or an affiliate of the lessee. An example of such an adjustment is a reduction in royalty payment on a different lease as the result of a revised allocation under a unitization or communitization agreement or from an offshore pipeline system. Rewards otherwise allowable will be reduced or rejected by reason of such offsetting adjustments.

(3) If several claims filed by one informant are considered in one recommendation, the reward, if any, may be allowed on one claim and the others may be closed by reference.

(4) Where an informant has provided information and filed a claim for reward with respect to royalty reports of one lessee for several leases, no reward will be granted with respect to an individual lease

which has been examined until examination of all leases involved has been completed. Because the possibility exists that adjustments made to the reports for the open leases may result in offsetting adjustments, no reward will be allowed until the overall results of the information are evaluated.

(e) Amount and payment of reward. (1) The Director, MMS will determine whether a reward will be paid and, if so, the amount thereof. In making this decision, the information provided will be evaluated in relation to the facts developed by the resulting investigation. Claims for reward will be paid in proportion to the value of information furnished voluntarily and on the informant's own initiative with respect to recovered royalties or other payments. The amount of reward will be determined as follows:

(i) For specific and responsible information that caused the investigation and resulted in recovery, the reward will be 10 percent of the first \$75,000 recovered, 5 percent of the next \$25,000, and 1 percent of any additional recovery. The total reward cannot exceed \$100,000.

(ii) For information that caused the examination and was of value in determining royalty or other payments due, although not specific, and for information that was a direct factor in recovering royalty or other payments, the reward will be 5 percent of the first \$75,000 recovered, 2 1/2 percent of the next \$25,000, and 1/2 percent of any additional recovery. The total reward cannot exceed \$100,000.

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(iii) For information that caused the investigation but was of no value in determining royalty or other payments due, the reward will be 1 percent of the first \$75,000 recovered and 1/2 percent of any additional recovery. The total reward cannot exceed \$100,000.

(2) Rewards will be paid only if moneys are appropriated for that purpose. Subject to appropriations, payments will be made as soon as possible after collection of the amounts owed by the lessee, and after those amounts no longer are subject to dispute by the payor. The reward payment to an informant will be net of Federal and State income tax in accordance with withholding guidelines of the Internal Revenue Service and the applicable State(s).

(3) A decision by the Director, MMS, either denying a reward or establishing the amount of any reward is a final departmental action and may not be appealed to the Interior Board of Land Appeals in accordance with the provisions of 30 CFR part 290.

(Approved by the Office of Management and Budget under control number 1010-0076)

[52 FR 24451, July 1, 1987]